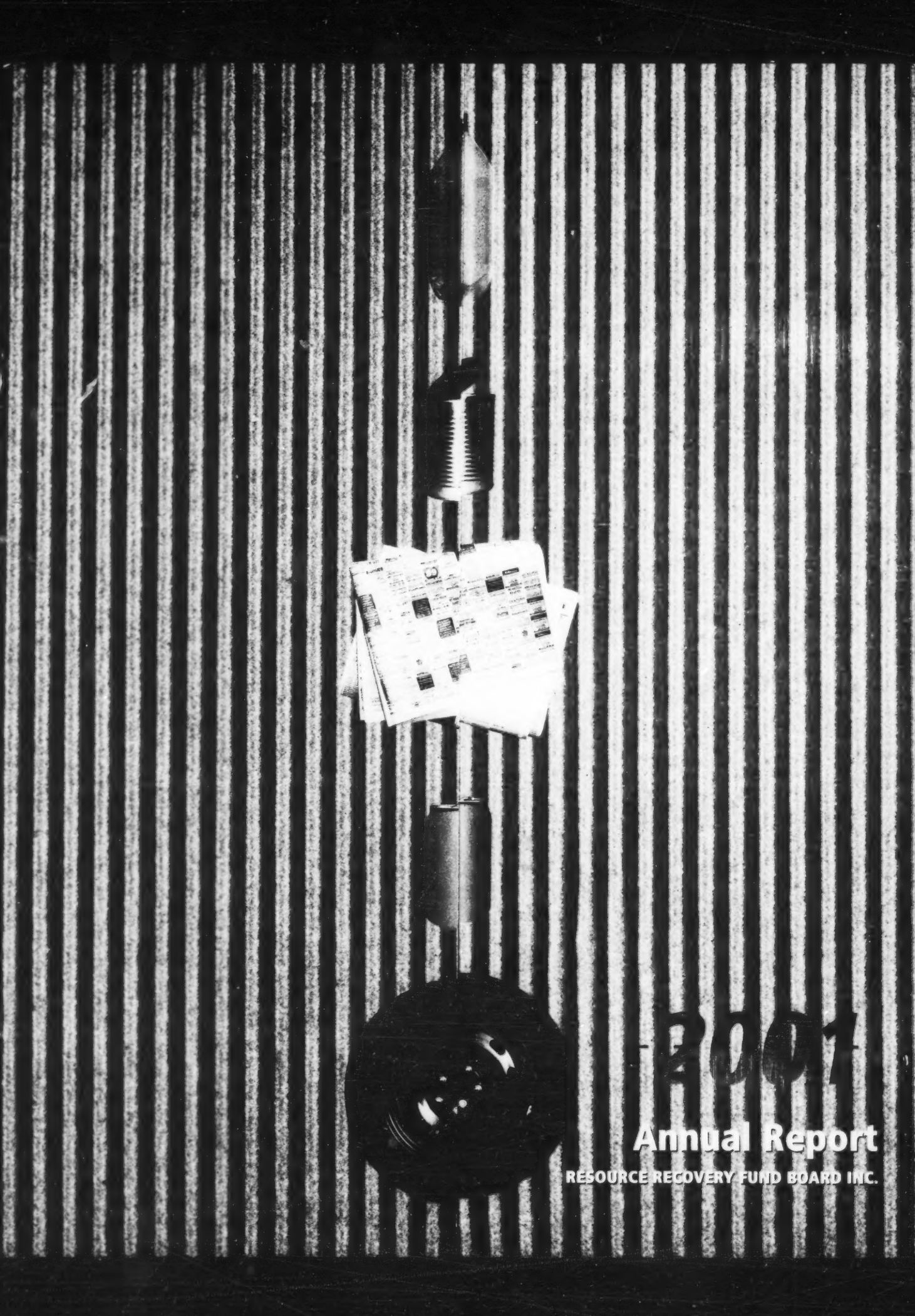


2001

Annual Report

RESOURCE RECOVERY FUND BOARD INC.

Only in Nova Scotia

50% BY 2000

Together We Did It!

1989 - *The Canadian Council of Ministers of the Environment challenges all Canadians to achieve 50% waste reduction by the year 2000.*

1995 - *Nova Scotia accepts the challenge with the adoption of the Solid Waste-Resource Management Strategy, an innovative plan to help Nova Scotians reduce the amount of waste they send for disposal.*

1996 - *The Resource Recovery Fund Board is established as a private, not-for-profit organization to administer programs designed to achieve the goals of the Strategy.*

2000 - *"We've done it and we are proud of it - and we need to thank all Nova Scotians for their efforts! Now we have a thriving waste resource economy and the ability to show the rest of the world what we can do."*

The Honourable Michael Baker
Nova Scotia Acting Minister of Environment and Labour

At the Canadian Waste Management Conference held in Halifax in September of 2000.

With those words, the Honourable Michael Baker announced to Canada and the world that Nova Scotia had become the first and only province in Canada to achieve the goal of 50% diversion.

Message

from the Chief Operating Officer

During fiscal 2001, the Resource Recovery Fund Board continued to work with the Province, the Municipalities, industry groups, and all Nova Scotians to protect the long-term environmental and economic good of Nova Scotia.

Our efforts to gain industry support for the management of post-industrial and post-consumer waste are meeting with success. In March 2001, the RRFB helped unveil the *Safe Sharps Bring-Back Program*, a new industry-sponsored program designed to facilitate the safe disposal of residentially generated needles, syringes, and other "sharps." We are also working with the paint industry, the Province and the Municipalities to finalize the details for a paint-recycling program that will enable Nova Scotians to drop off waste paint at any Enviro-Depot® for recycling.

Education and awareness is a key mandate of the RRFB. This year we partnered with the province's seven waste management regions to encourage greater participation in waste management programs. Daily newspapers across the province will soon be assisting our efforts by contributing advertising space for municipal and provincial waste diversion messages. We also celebrated our first *Nova Scotia Recycles Day*, the culmination of a campaign to highlight the province's recycling accomplishments.

Every year, we see the concept of "waste as a resource" grow stronger as individuals, communities, and businesses recognize the economic and environmental benefits of turning waste materials into useful products. This year, over $1 million was awarded to 20 resourceful, private-sector projects.

Nova Scotians continue to recognize the importance of the Deposit-Refund Program to a cleaner environment. With the support of depot owners and staff, we've built a network where 87% of the households in Nova Scotia are within 20 kilometres of an Enviro-Depot®. Nova Scotians appreciate the ease and convenience of this system. Through municipal recycling programs and the network of Enviro-Depots®, we recycled 216 million beverage containers in fiscal 2001, a return rate of over 83%.

The RRFB continually strives to increase revenues and reduce costs to provide more financial assistance to municipalities and regions to offset the costs incurred in expanding their waste management programs. However, in fiscal 2001, we fell short of our goal. Net revenues available for solid waste diversion initiatives declined to $8.9 million from $9.3 million the previous year, due in part to the increase in the return rate. Funding to municipalities for diversion credits, approved programs, education and awareness, regional coordinators, derelict vehicle recovery, paint swaps, and household hazardous waste events still totalled $7 million, or 78% of net revenues.

As we celebrate our fifth year of operation, we are all enjoying the benefits of implementing the Strategy: environmentally sound and sustainable solid waste management practices; national and international recognition; and economic benefits and opportunities. Since 1996, the RRFB has provided over $29 million to municipalities across Nova Scotia. We recognize that successful solid waste management requires cooperation, dedication, and determination. Provincial and Municipal leaders and staff have made extraordinary efforts to put efficient programs in place and Nova Scotians' steady commitment to recycling and composting have made these programs successful. Being the first province or state in North America to reach the 50% diversion target has shown that ambitious environmental goals can be achieved when we work together.

On behalf of the RRFB, I want to thank the municipalities and regions for their continued support, the Department of Environment and Labour for its vision and assistance, Enviro-Depot® owners for their commitment, our employees, and the people of Nova Scotia for their tremendous dedication.

Derek R. Firth, CA

Chief Operating Officer

101-05

Our Mission

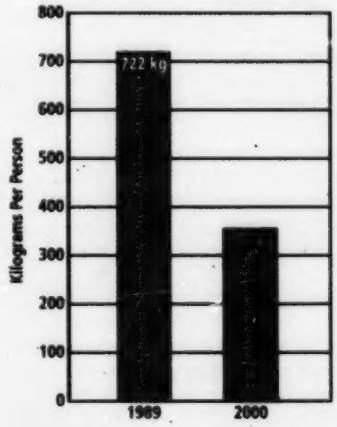
The R[redacted] to be
a c[redacted]
[redacted]
initi[redacted] and
[redacted]

Our efforts to reduce, recycle, reuse, and compost have put Nova Scotia in the spotlight – and made history. No other province or state in North America has succeeded in diverting as much waste from disposal in landfills and incinerators.

Success starts with commitment – and Nova Scotians have clearly demonstrated their support for the Solid Waste-Resource Management Strategy and their commitment to a cleaner, healthier environment. Waste management initiatives such as curbside recycling, green cart organics collection, backyard composting, and the province-wide Enviro-Depot® network have enabled us to move forward and achieve our historic goal.

Nova Scotia currently has seven recycling facilities and eighteen composting operations. There are only eighteen municipal solid-waste disposal sites left in the province – a significant change from the early 1970s, when there were more than 100 dumps! By 2005, all landfills will be fully lined with leachate collection systems.

Annual Waste Disposed Per Capita



The eyes of the world are looking to Nova Scotia for advice and assistance in successfully putting garbage in its place. In the last year, nations around the globe sought us out for information about diverting waste and helping the environment.

We were pleased to lend a hand to:
China, Ireland, New Zealand, Japan, Russia, India, Barbados, Trinidad/Tobago, and Iceland

Mandate 1

Fund Municipal or Regional Diversion Programs

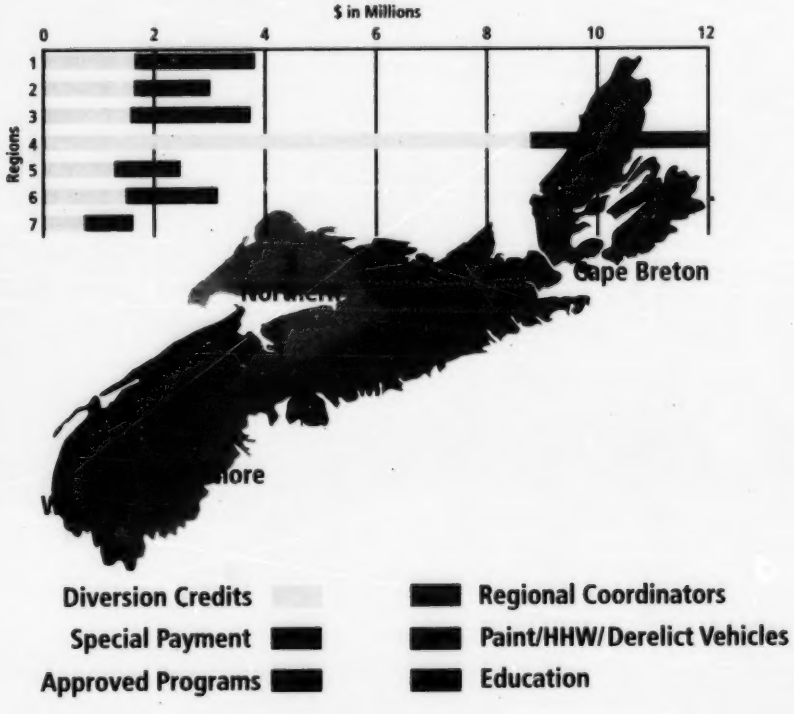
Action Plan 2000-2001

Pay a minimum of 50% of net revenues to municipalities based on the waste they divert from disposal.

For fiscal 2001, the RRFB provided $7 million, or 78% of net revenues, to the municipalities across Nova Scotia through Diversion Credit Funding and other funding opportunities, such as Municipal Approved Programs, education contracts, household hazardous waste disposal, and paint swap funding.

Municipalities continue to inspire us with innovative projects designed to divert waste. Read on for some examples of programs initiated during fiscal 2001.

Five-Year Funding to Regions



Mandate 1

Region 1 Cape Breton
100% In the Bag!

Cape Breton Regional Municipality (CBRM) expanded its blue bag program to give all residents of Cape Breton access to curbside recycling! The region should see an increase in their diversion rate with the establishment of compost facilities for ICI (industrial, commercial, and institutional) organic waste. One facility is currently operating in Victoria County, two more are being developed for Richmond and Inverness Counties, and steps are being taken toward a fourth facility, to be located in CBRM.

Region 2 Eastern
Composting in Cottage Country

People who vacation along the Northumberland Strait are now full participants in the move toward responsible waste management. The Cottage Collection Program – the first of its kind in Nova Scotia – provides every cottage owner in Pictou County with a green bin and collection of compostable and recyclable materials. This program involved the roll out of 3,400 green carts!

Region 3 Northern
Riding the Green Wave

In cooperation with the Chignecto Central School Board, municipal waste management staff in the region (and Pictou County) developed a terrific program. The goal: to expand recycling and composting activities in the schools, and to provide staff and students with upgraded, standardized equipment. Funding provided by the RRFB was used to outfit classrooms and administrative offices with recycling containers for paper, milk cartons, beverage containers, and where possible, backyard composters and mini-bins for organics!

Region 4 Halifax Regional Municipality (HRM)
A Step Up

This year, HRM set the goal of bringing composting and curbside recycling to apartment dwellers. Their initial focus was large property management firms, but they plan to move one step further by approaching smaller property organizations. Of the 12,000 apartments targeted this year, 9,000 are now taking part! The project involved meeting with property firms, building superintendents and waste collection contractors; holding workshops for tenants; and providing bins and signage. HRM continues to work toward ensuring that all tenants have access to containers for the source separation of banned materials.

72% of Nova Scotians now have access to curbside collection of organics for composting!

Region 5 Valley
Down in the Valley

Household hazardous waste got the attention of staff in Region 5 this fiscal year. Two permanent collection depots were established at the Region's transfer stations – one in Kentville, the other in Lawrencetown. Both offer area residents access to the safe disposal of hazardous waste such as pesticides, solvents, and flammables. The depots are housed in custom built containers, and permanently set in fenced enclosures with spill containment. Workers sort the materials into compatible groups and load them into approved "lab packs" for safe transport to recycling or special disposal facilities.

Region 6 South Shore
Buy into Green

This year Region 6 was involved in the "greening" of the Bridgewater Mall – the only program of its kind in Canada. The goal? To collect compost from the food court. The tools? Colour-coded signs and containers, sorting lists, and a logo – bold foot prints – directing shoppers to step up to responsible waste management. One month after the official kick-off, in February 2001, the largest shopping complex on the South Shore had generated one ton of compost and 65% of its waste was being diverted.

Region 7 Western
Rolling Along

Region 7 expanded their curbside-composting program to over 18,000 green carts from Digby to Barrington and encouraged participation by making education a priority. Staff made presentations, set up displays at community events, and set up a toll-free hotline for residents with questions about composting. A private compost facility opened just outside the Town of Yarmouth in the spring of 2000. So far, over 2,400 tonnes of organic waste material has been diverted to this site!

100% of Nova Scotians now have access to curbside recycling programs!

Mandate 1

Mandate 2

Develop and Operate a Deposit/Refund System for Beverage Containers

Action Plan 2000-2001

Continue to build an Enviro-Depot® network that provides ready access to all Nova Scotians.

Develop an Enviro-Depot® "Operations Guide" to promote higher standards of operation and appearance.

In 1996, the province's first Deposit/Refund Program for Beverage Containers came into effect. We've come a long way since then. Take a look:

- 88 Enviro-Depots® have been established across the province.
- 87% percent of households in Nova Scotia are now within 20 kilometres of an Enviro-Depot®.
- In fiscal 2001, Nova Scotians consumed 258 million beverages. They recycled 216 million beverage containers, a return rate of over 83%!
- To ensure accuracy and consistency, the RRFB maintains quality control operations at the four Regional Processing Centres where containers collected from Enviro-Depots® are prepared for shipment to market.
- During fiscal 2001, the RRFB initiated discussions with other deposit-refund programs in Atlantic Canada and with depot operators' associations to develop practical guidelines for the safe and efficient operation of collection depots. These guidelines will be incorporated into a manual for distribution to all Depot operators.

Over 860 million beverage containers have been recycled in Nova Scotia since April 1, 1996 through the network of Enviro-Depots® and municipal recycling programs. That's almost 200 containers a year for every man, woman, and child in the province.

Flipping Our Lids

Nova Scotia's Deposit/Refund Program works like this:

Consumers pay a 10-cent deposit on each non-liquor container they buy, as well as on liquor beverage containers under 500 ml. A 5-cent refund is then given for each container that is brought back to an Enviro-Depot®. Liquor containers over 500 ml are subject to a 20-cent deposit and a 10-cent return.

Registered health care facilities can apply directly to the RRFB to recover the full deposit paid on beverage containers, provided that the beverages were used in patient services.

Mandate 3

Develop and Implement Voluntary Industry Stewardship Programs

Action Plan 2000-2001

Seek industry [illegible] in voluntary stewardship programs [illegible] financial or indirect "in-kind" contributions.

The RRFB recognizes that successfully implementing a waste management strategy cannot rest with one organization. We all have a part to play. In collaboration with the Department of Environment and Labour and municipalities, we actively encourage industry partners to work with us to ensure the success of Nova Scotia's Solid Waste-Resource Management Strategy, now and in the future.

The beverage, dairy, and tire industries already assist in paying for the recycling of their products. Other industries are being asked to follow their lead and assume responsibility for the post-industrial and post-consumer management of the waste materials they generate.

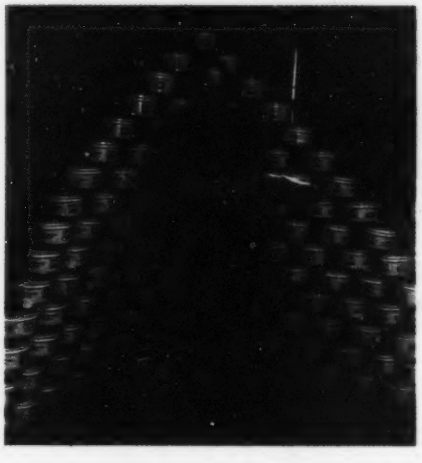
Painting the Town

The bottom of the paint can, it seems, is never empty. "What do I do with extra paint?" is a question the RRFB would like to help Nova Scotians answer. Negotiations are under way with paint brand owners, municipalities, Enviro-Depots®, and the province to develop and implement an industry stewardship program that will provide for a province-wide system for the collection, processing, and marketing of waste paint as a value-added product. It is expected to be operational next fiscal year.

Mandate 3

During fiscal 2001, we continued to work with representatives from the newsprint industry, the municipalities, and the Department of Environment and Labour toward developing a stewardship agreement. The agreement will involve in-kind contributions of advertising space from the province's daily newspapers.

During fiscal 2001, over 835,000 used tires were collected through our Used Tire Management Program. Used tires collected from tire retailers and municipal and private stockpiles will soon be shredded, frozen, and converted into crumb rubber at a state-of-the-art processing facility located just outside Truro, Nova Scotia. Nova Scotians are already exploring new opportunities for turning the crumb rubber into value-added products.



The Honourable David Morse, Provincial Minister of Environment and Labour, at the official launch of the Safe Sharps Bring-Back Program.

Sharpening our Senses

In fiscal 2001, the RRFB joined forces with the Nova Scotia Department of Environment and Labour, the Pharmacy Association of Nova Scotia, the Canadian Diabetes Association (Nova Scotia Division), and the municipalities to launch the Safe Sharps Bring-Back Program. This voluntary industry stewardship program helps ensure the safe disposal of used household syringes, needles and lancets (sharps), and reduces the threat of injury to waste industry staff. Residential users of sharps are provided with a free and safe collection container. Once filled, it can be returned to a community pharmacy or CDA supply centre for safe disposal.

Mandate 4

Develop Education and Awareness of Source Reduction, Reuse, Recycling, and Composting

Action Plan 2000-2001

Enter into contracts directly with the seven solid waste-resource [illegible] to carry out regional education initiatives [illegible] classroom presentations, IC&I visits, and exhibits at public events.

Continue a provincial mass media campaign that complements [illegible] with key province-wide messages to promote the goals and objectives of the Solid Waste-Resource Management Strategy.

Promote the new Resource Recovery Fund Recycling hotline, 1-877-313-RRFB, [illegible] promote the RRFB website as a source of information.

Awareness and education are central to the work we do at the RRFB. Commitment to recycling, reusing, reducing, and composting increases with understanding of the issues – and the solutions. Of course, generating awareness should be fun as well as informative. That was our goal in fiscal 2001. Here's a sampling of what was accomplished during the year.

Recycling Questions?

Call toll free:
1 877 313-RRFB (7732)
www.rrfb.com
RRFB

- Contracted directly with the seven solid waste-resource management regions to carry out education initiatives in their communities. Together they made over 1,200 presentations at schools, special events, and community meetings, and met with over 300 industrial, commercial, and institutional organizations!
- Increased awareness in the IC&I sector of the 3Rs, composting and the Solid Waste-Resource Management Strategy, through workshops and articles in industry newsletters.
- Hosted a workshop for waste reduction educators, The Art & Craft of Teaching Recycling, which linked curriculum guidelines to key waste reduction messages and provided tips and ideas for making creative and interactive presentations.

Colette Wyllie
Central Colchester Jr. High School

Alicia Gilmore
Prince Arthur Jr. High

Darren Truang
St. Patrick's High School

Shawn Brooks
Digby Regional High

All Right Kiddo!

Fiscal 2001 was a time of celebration, particularly October 19th – Nova Scotia Recycles Day. The Resource Recovery Fund Board invited students from all over the province to celebrate their accomplishments by participating in contests designed to encourage people of all ages to reduce, reuse, recycle, and compost.

Students in grades Primary to 3 were asked to draw a picture about recycling or composting and 20 entries were reproduced in a recycling colouring book. Students in grades 4 to 6 were asked to write a short radio ad about why they recycle or compost. The winners recorded their messages on local radio stations. Students in grades 7 to 12 were invited to try their hand at producing an eye-catching recycling poster. As part of the prize packages, 13 schools also received a $500 cash award. Sponsors for Nova Scotia Recycles Day included Sobeys, HRM, McDonald's, and ATV's Breakfast Television.

Recycle

Reduce your waste everyday
Make our environment safe to play
You do your part, I'll do mine,
Just recycle and you'll be fine.
Save our animals, land, and grass.
Do reuse with lots of class.

By: Mark Penny
Grade 5
Bras d'Or Elementary School
Region 1 winner of the Nova Scotia Recycles Day radio ad.

Mandate 5

Promote the Development of Value-added Manufacturing in the Province

Action Plan 2000-2001

Provide funding to local companies and entrepreneurs with innovative ideas for the use of solid waste as a resource in the manufacture of marketable products.

Support the progress of new business by providing funding for research and development.

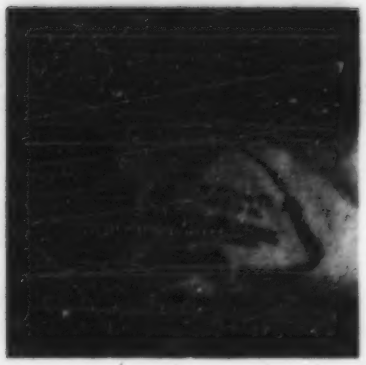
Supporting innovation is central to the long-term success of Nova Scotia's strategy for waste reduction. The RRFB actively promotes value-added manufacturing, which transforms recovered material into useful new products.

During the 2001 fiscal year, we awarded over $1 million to 20 private sector initiatives. Here are some examples of the resourceful projects that inspired us this year:

- Rubberworx, founded in Bridgewater, manufactures handbags, purses, and other accessories from recycled truck inner tubes.
- ACAP Cape Breton researched the potential of utilizing coal ash to reduce odors in a commercial composting operation.
- Dalhousie University, in Halifax, is assessing the use of crushed glass as a filter medium for drinking water treatment.

By promoting waste as a resource, Nova Scotia is creating opportunities for current and future generations as well as addressing environmental challenges.

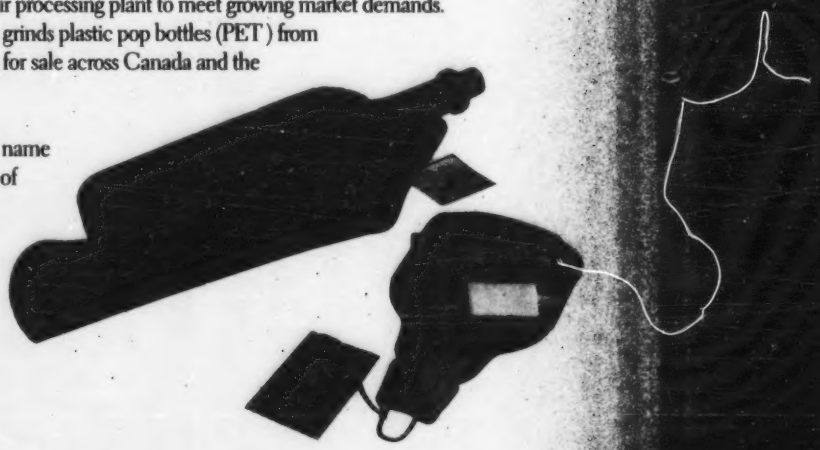
Mandate 5



PET plastic (pop bottles) can be ground into flake, spun into fibres, and used to make items such as carpet, fibrefill, packaging materials, and clothing.

- Novapet Inc. is expanding their processing plant to meet growing market demands. Located in Amherst, Novapet grinds plastic pop bottles (PET) from all over the Atlantic Provinces for sale across Canada and the United States.

- Operating under the business name Vintage Glass, Joseph Currie, of Lunenburg, is turning used wine bottles into decorative tableware such as bottle holders and serving trays.



A Look Ahead

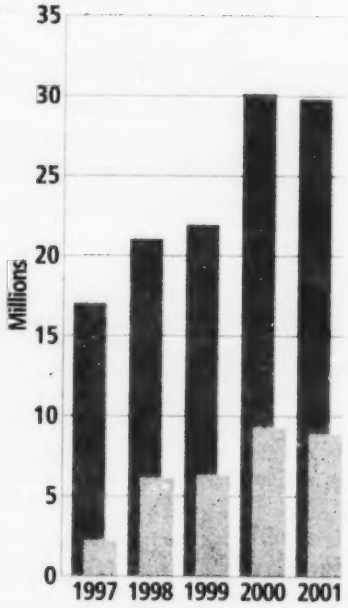
Achieving the target of 50% diversion prompted us to look back at the past five years to evaluate how we could most effectively apply what we have learned to foster new successes in the future.

The Resource Recovery Fund Board is committed to increasing diversion rates throughout the province, by working diligently to generate revenue that can be given back to municipalities to assist with their waste management programs. Research and development initiatives and value-added projects that will encourage additional materials to be diverted from the waste stream and utilized as resources will be a high priority. We will direct more education resources to help businesses comply with Nova Scotia's Solid Waste-Resource Management Strategy and work with the Department of Environment and Labour to encourage industry to participate in stewardship programs. The RRFB will form partnerships with organizations that share common goals in order to effectively and efficiently promote reducing, reusing, recycling, and composting in public and private sectors.

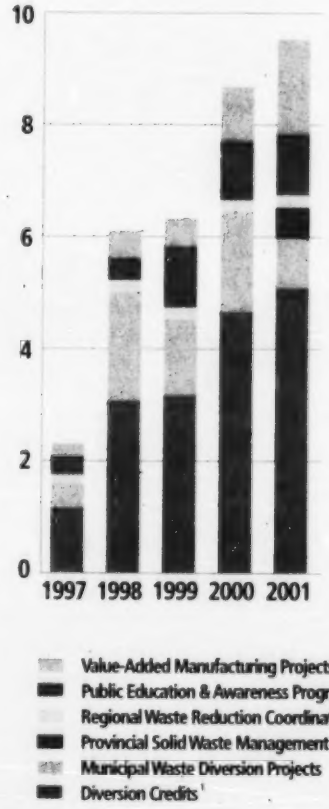
Encouraged and inspired by the commitment Nova Scotians have demonstrated, the Resource Recovery Fund Board enters its sixth year of operation with the knowledge that environmental goals can be achieved and surpassed when we work together.

Financial Report

Operating Results



Distribution of Net Revenues



1 Diversion credits for 2001 include an amount of $615,781 allocated to Value-Added Manufacturing Projects in 2000.

Auditors' Report

To the Board of Directors of
Resource Recovery Fund Board Inc.

We have audited the statement of financial position of Resource Recovery Fund Board Inc. as at March 31, 2001 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2001 and the results of its operations, changes in net assets, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Truro, Nova Scotia
May 9, 2001

Grant Thornton LLP
Chartered Accountants

M121

IMPORTANT NOTE CONCERNING THE FOLLOWING PAGES

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Statement of Financial Position

March 31	2001	2000
Assets		
Current		
Cash and cash equivalents	$ 12,149,093	$ 11,706,143
Receivables	2,486,693	2,474,947
Accrued interest receivable	47,839	107,234
Inventory	74,724	101,116
Prepaids	2,922	–
	14,761,271	14,389,440
Investment, at cost	7,000	304,186
Equipment (Note 4)	667,174	725,094
Organizational costs, net of accumulated amortization	47,990	172,044
	$ 15,483,435	$ 15,590,764
Liabilities		
Current		
Payables and accruals	$ 2,830,077	$ 2,294,235
Municipal solid waste diversion credits payable	5,071,031	4,650,389
Unearned revenue	3,155,100	3,175,500
	11,056,208	10,120,124
Net Assets (Page 14 & 15)		
Invested in capital assets	715,164	897,138
Invested in value-added manufacturing	7,000	304,186
Restricted for future projects	1,109,507	856,107
Restricted for approved programs	2,595,556	3,413,209
	4,427,227	5,470,640
	$ 15,483,435	$ 15,590,764

Commitments (Note 6)

On behalf of the Board

Darrell Hiltz, Director **Ernie Bolivar, Director**

See accompanying notes to the financial statements.

Statement of Changes in Net Asse

Year Ended March 31

Net Assets	Invested in Capital Assets	Invested in Value-added Manufacturing
Balance, beginning of year	$ 897,138	$ 304,186
Excess of revenue over expenses	(375,688)	(43,786)
Investment in capital assets	193,714	–
	715,164	260,400
Internally imposed restrictions	–	–
Investment in value-added manufacturing	–	(253,400)
Payments during the year		
Education and awareness	–	–
Regional coordinators	–	–
Approved programs	–	–
Nova Scotia Department of Environment and Labour	–	–
Allocation to Municipal solid waste diversion payable	–	–
Balance, end of year	$ 715,164	$ 7,000

See accompanying notes to the financial statements

Statement of Operations

Year Ended March 31	2001	2000
Revenues		
Deposits		
Gross revenues from deposits	$ 26,068,255	$ 27,220,278
Less: Harmonized sales tax	(3,397,546)	(3,613,080)
	22,670,709	23,607,198
Sales of recyclable materials	3,790,780	3,181,875
Stewardship	802	8,139
Tire program	2,781,057	2,947,357
Total Revenues	29,243,348	29,744,570
Cost of Sales		
Inventory, beginning of year	101,116	104,603
Deposit refunds	9,822,750	9,639,581
Enviro-Depot® handling fees	5,923,382	5,805,185
Local cartage	911,893	898,637
Regional processing	754,705	936,533
Freight-in	79,971	65,752
Central processing expenses	408,245	405,552
Non-deposit materials	25,611	44,189
Used tires	1,725,393	1,812,806
Derelict vehicle program	17,310	–
Paint/Household Hazardous Waste program	165,523	151,000
	19,935,899	19,863,838
Less inventory, end of year	74,724	101,116
	19,861,175	19,762,722
Gross margin	9,382,173	9,981,848
Administrative expenses	1,248,688	1,147,233
Operating Income	8,133,485	8,834,615
(Decrease) increase in equity interest of an affiliated company (Note 3)	(43,786)	71,164
Interest and other income	595,042	447,113
Excess of revenues over expenses	$ 8,684,741	$ 9,352,892

See accompanying notes to the financial statements.

ts--

Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	2001 Total	2000 Total
$ 856,107	$ 3,413,209	$ –	$ 5,470,640	$ 3,947,772
–	–	9,104,215	8,684,741	9,352,892
–	–	(193,714)	–	–
856,107	3,413,209	8,910,501	14,155,381	13,300,664
–	4,455,251	(4,455,251)	–	–
253,400	–	–	–	–
–	(1,097,925)	–	(1,097,925)	(1,062,889)
–	(226,770)	–	(226,770)	(210,000)
–	(3,413,209)	615,781	(2,797,428)	(1,907,051)
–	(535,000)	–	(535,000)	–
–	–	(5,071,031)	(5,071,031)	(4,650,084)
$ 1,109,507	$ 2,595,556	$ –	$ 4,427,227	$ 5,470,640

Statement of Financial Position

March 31	2001	2000
Assets		
Current		
Cash and cash equivalents	$ 12,149,093	$ 11,706,143
Receivables	2,486,693	2,474,947
Accrued interest receivable	47,839	107,234
Inventory	74,724	101,116
Prepaids	2,922	–
	14,761,271	14,389,440
Investment, at cost	7,000	304,186
Equipment (Note 4)	667,174	725,094
Organizational costs, net of accumulated amortization	47,990	172,044
	$ 15,483,435	$ 15,590,764
Liabilities		
Current		
Payables and accruals	$ 2,830,077	$ 2,294,235
Municipal solid waste diversion credits payable	5,071,031	4,650,389
Unearned revenue	3,155,100	3,175,500
	11,056,208	10,120,124
Net Assets (Page 14 & 15)		
Invested in capital assets	715,164	897,138
Invested in value-added manufacturing	7,000	304,186
Restricted for future projects	1,109,507	856,107
Restricted for approved programs	2,595,556	3,413,209
	4,427,227	5,470,640
	$ 15,483,435	$ 15,590,764

Commitments (Note 6)

On behalf of the Board

Darrell Hiltz, Director **Ernie Bolivar, Director**

See accompanying notes to the financial statements.

Statement of Changes in Net Asse

Year Ended March 31

Net Assets	Invested in Capital Assets	Invested in Value-added Manufacturing
Balance, beginning of year	$ 897,138	$ 304,186
Excess of revenue over expenses	(375,688)	(43,786)
Investment in capital assets	193,714	–
	715,164	260,400
Internally imposed restrictions	–	–
Investment in value-added n...nufacturing	–	(253,400)
Payments during the year		
Education and awareness	–	–
Regional coordinators	–	–
Approved programs	–	–
Nova Scotia Department of Environment and Labour	–	–
Allocation to Municipal solid waste diversion payable	–	–
Balance, end of year	$ 715,164	$ 7,000

See accompanying notes to the financial statements

Statement of Operations

Year Ended March 31	2001	2000
Revenues		
Deposits		
Gross revenues from deposits	$ 26,068,255	$ 27,220,278
Less: Harmonized sales tax	(3,397,546)	(3,613,080)
	22,670,709	23,607,198
Sales of recyclable materials	3,790,780	3,181,876
Stewardship	802	8,139
Tire program	2,781,057	2,947,357
Total Revenues	29,243,348	29,744,570
Cost of Sales		
Inventory, beginning of year	101,116	104,603
Deposit refunds	9,822,750	9,639,581
Enviro-Depot® handling fees	5,923,382	5,805,185
Local cartage	911,893	898,637
Regional processing	754,705	936,533
Freight-in	79,971	65,752
Central processing expenses	408,245	405,552
Non-deposit materials	25,611	44,189
Used tires	1,725,393	1,812,806
Derelict vehicle program	17,310	–
Paint/Household Hazardous Waste program	165,523	151,000
	19,935,899	19,863,838
Less inventory, end of year	74,724	101,116
	19,861,175	19,762,722
Gross margin	9,382,173	9,981,848
Administrative expenses	1,248,688	1,147,233
Operating Income	8,133,485	8,834,615
(Decrease) increase in equity interest of an affiliated company (Note 3)	(43,786)	71,164
Interest and other income	595,042	447,113
Excess of revenues over expenses	$ 8,684,741	$ 9,352,892

See accompanying notes to the financial statements.

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Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	2001 Total	2000 Total
$ 856,107	$ 3,413,209	$ —	$ 5,470,640	$ 3,947,772
—	—	9,104,215	8,684,741	9,352,892
—	—	(193,714)	—	—
856,107	3,413,209	8,910,501	14,155,381	13,300,664
—	4,455,251	(4,455,251)	—	—
253,400	—	—	—	—
—	(1,097,925)	—	(1,097,925)	(1,062,889)
—	(226,770)	—	(226,770)	(210,000)
—	(3,413,209)	615,781	(2,797,428)	(1,907,051)
—	(535,000)	—	(535,000)	—
—	—	(5,071,031)	(5,071,031)	(4,650,084)
$ 1,109,507	$ 2,595,556	$ —	$ 4,427,227	$ 5,470,640

Statement of Cash Flows

Year Ended March 31	2001	2000
Increase (decrease) in cash and cash equivalents:		
Operating		
Excess of revenues over expenses	$ 8,684,741	$ 9,352,892
Decrease (increase) in equity interest of an affiliated company	43,786	(71,164)
Depreciation and amortization	372,801	332,706
Loss on sale of equipment	2,887	6,636
	9,104,215	9,621,070
Change in non-cash operating working capital		
Receivables	47,649	(66,188)
Inventory	26,392	3,487
Prepaids	(2,922)	2,033
Payables and accruals	956,484	789,884
Unearned revenue	(20,400)	480,000
	10,111,418	10,830,286
Investing		
Proceeds on sale of property and equipment	—	1,750
Purchase of		
Equipment	(187,050)	(322,652)
Organizational costs	(6,664)	—
Investment – value-added manufacturing	253,400	21,000
	59,686	(299,902)
Allocation of net assets to:		
Municipal solid waste diversion	(5,071,031)	(4,650,084)
Approved programs	(4,657,123)	(3,179,940)
	(9,728,154)	(7,830,024)
Net increase in cash and cash equivalents	442,950	2,700,360
Cash and cash equivalents, beginning of year	11,706,143	9,005,783
Cash and cash equivalents, end of year	$ 12,149,093	$11,706,143

See accompanying notes to the financial statements.

Statement of Cash Flows

Year Ended March 31	2001	2000
Increase (decrease) in cash and cash equivalents:		
Operating		
Excess of revenues over expenses	$ 8,684,741	$ 9,352,892
Decrease (increase) in equity interest of an affiliated company	43,786	(71,164)
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Cash and cash equivalents, beginning of year	11,706,143	9,005,783
Cash and cash equivalents, end of year	$ 12,149,093	$11,706,143

See accompanying notes to the financial statements.

Notes to the Financial Statements

March 31, 2001

1. Nature of operations

The Resource Recovery Fund Board Inc. is a not-for-profit company established by the Nova Scotia government to manage a substantial portion of the Province's Solid Waste - Resource Management Regulations.

2. Summary of significant accounting policies

Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Field equipment	20%, straight line
Office and warehouse equipment	20%, straight line
Computer hardware and software	33⅓%, straight-line
Containers	33⅓%, straight-line
Vehicles	33⅓%, straight-line

Inventory

Inventory is valued at the lower of cost and net realizable value.

Unearned revenue

Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

Organizational costs

Organizational costs for new programs are amortized on a straight line basis over five years.

Income taxes

The company is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

Revenue recognition

Resource Recovery Fund Board Inc. follows the deferral method of accounting for revenue.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, accrued interest receivable, investment in an affiliated company, payables and accruals, and municipal solid waste diversion credits payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency, or credit risks arising from financial instruments. The fair market values of these financial instruments approximate their carrying values.

3. (Decrease) increase in equity interest of an affiliated company

In accordance with the terms of the Shareholders' Agreement of Novapet Inc., the preference shares were redeemed and certain common shares were purchased from the Board at their original cost of $253,400. This has resulted in a decrease in the Board's equity position to 5% and a reduction of accumulated equity earnings of $43,786.

4. Equipment

	2001			2000
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Field equipment	$ 174,908	$ 114,396	$ 60,512	$ 89,912
Office and warehouse equipment	96,016	74,422	21,594	37,874
Leasehold improvements	9,960	2,668	7,292	8,716
Containers	890,515	403,568	486,947	435,692
Computer hardware and software	406,179	320,892	85,287	122,744
Vehicles	73,842	68,300	5,542	30,156
	$ 1,651,420	$ 984,246	$ 667,174	$ 725,094

5. Bank indebtedness

The company has an operating line of credit of $2,500,000, all of which is unused at March 31, 2001.

6. Commitments

The company has entered into agreements to lease office space and a warehouse. Minimum rent payable for the next five years on these leases are as follows:

2002	$ 99,088
2003	$ 99,088
2004	$ 99,088
2005	$ 99,088
2006	$ 96,164

Corporate Directory

Board of Directors

Darrell Hiltz*
Chairman

Mike Queripel
Nova Scotia Department of Finance, Business Policy Analysis

Ernie Bolivar*
Mayor, Town of Bridgewater

Bryan Smith
Chair, Western Region, L.G. Trask Insurance, Limited

Mike Blanchard
President, Blanchard's Grocery Stores, Limited

Dwight Whynot*
Executive Vice-President, Minas Basin Pulp and Power Company, Limited

Gerard MacLellan*
Executive Director, Environmental Monitoring and Compliance Division, Nova Scotia Department of Environment and Labour

Dan Wurster
Senior Occupational Hygienist, Jacques Whitford

John O'Donnell
President and CEO, Copol International
(photo not available)

*Member of the Executive Committee

Officer

Derek Firth, CA
Chief Operating Officer

Code of Conduct Compliance

The Resource Recovery Fund Board Inc.'s (RRFB) Board of Directors and management have reviewed the Company's Code of Conduct and are satisfied that the Board of Directors' approach to corporate governance is consistent with the Code.